

***Full Cost Decision Memorandum: Overtime Planning (WF-04)***

***Issue:***

How is overtime planned, tracked, and managed?

***Source / reference:***

LaRC Full Cost Implementation Team (2003-2004)  
LaRC Office of the Chief Financial Officer (OCFO)  
LaRC Office of Human Resources (OHR)

***Background:***

A small, fixed percentage of overtime (approximately ½%) is included in the salary/benefits rates. If this amount is exceeded it may create financial strains on projects since funding may be fully planned and no additional funds may be available for overtime work. In addition, the supervisor that approves overtime may or may not be the project manager responsible for project activities and resources.

***Options:***

1. All overtime must be planned, negotiated, approved, and budgeted prior to the fiscal year.
2. Retain the planned overtime funding in the current salary/benefit rates and require organizations to negotiate for additional funds from projects if the required overtime exceeds the planned ½% of the salary/benefit rate. The OCFO can assist organizations in determining the overtime amount for an organization and tracking such costs.

***Decision:***

Option 2. The noted option provides the most flexibility to managers and implementing organizations. Managers can choose based on demand, priority, and Center needs where to grant overtime expenditures up to the ½% limit. Organizations that require additional overtime to meet the project requirements should discuss the needs with the project manager to see seek additional funds and/or seek schedule relief. The Workforce Integrated Management System (WIMS) has the ability to track full time equivalents (FTEs) including overtime by organization and/or projects. Organizational managers, OHR, and the OCFO should monitor overtime charges to validate cost effectiveness and financial plans.

***Approved by LaRC CFO (Ken Winter) 3/29/04***

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